

**T**he Current Population Survey (CPS) is the main source of information on the employed, the unemployed, and those not in the labor force. The official national unemployment rate that is reported monthly is estimated from the CPS. The CPS is an important source of labor force indicators of the nonmetro economy as well.

The CPS was established in 1940, and is conducted by the Bureau of the Census (Census) for the Bureau of Labor Statistics (BLS). Every month, about 47,000 households are interviewed for the survey. Each household is surveyed for 4 consecutive months, then is not surveyed for the next 8 months, then is surveyed again for 4 months. This 4-8-4 rotation allows the CPS to track a household for 16 months.

The last major redesign was in 1967. For over 25 years the same survey was used, while in that time there were changes in the economy such as a shift from manufacturing jobs to service-sector jobs, and also changes in society such as more women in the work force. In addition, there were advances in survey research methods and data collection technology. Consequently, in 1986, Census and BLS undertook the effort to modernize the CPS. The redesigned survey was introduced in January 1994.

*New Questionnaire*—The goals of the redesign were: (1) to measure more precisely the official labor force concepts; (2) to collect additional data; (3) to implement several definitional changes; and (4) to computerize the interviewing process. The survey questionnaire was completely overhauled. The new questionnaire is expected to more accurately measure those persons on layoff, job search methods used by the unemployed, the number of hours at work, the reasons for working part time, occupation and industry of the respondent, and earnings of the respondent. New data now collected include information on multiple jobholding and usual hours worked.

Among the definitional changes implemented include changes in the discouraged worker definition. Previously, a discouraged worker was defined as a person who wants a job, but believes no job is available to him/her, and so has stopped job hunting, and consequently cannot be classified as unemployed. The new definition of discouraged worker adds the requirements that the respondent must have engaged in some jobsearch within the past year and must be currently available to take a job. Those who previously would have been classified as discouraged workers but do not meet the requirements in the new definition are classified as “other marginally attached workers.” Monitoring the number of discouraged workers is important in measuring labor market distress. Looking at the levels of discouraged workers is especially important in metro/nonmetro analysis, as nonmetro areas have had disproportionately more discouraged workers than metro areas.

*Computerization*—The redesigned survey is computerized. Each survey taker uses a laptop or other computer that contains the questionnaire. The household's responses are entered into the computer, then the data are transmitted electronically to Census. Computerization is expected to result in greater consistency from respondent to respondent, to allow for the use of a more complex questionnaire, and to provide the flexibility to tailor the questions to the individual's situation. In addition, the computer automatically checks for internal consistency during the interview, allowing for potential errors to be caught and corrected. Also, the computer allows for a “dependent interview,” meaning using information in the current interview that was obtained in a previous interview with that respondent.

*Technical changes*—In January 1994 new population controls were introduced into the CPS. These population controls are population projections based on the 1990 census, and adjusted for the estimated population undercount. These controls replaced population controls based on the 1980 census. After the monthly data are collected, weights are used to “inflate” the sample to estimates of the entire population and labor force. The weights are forced to sum to the population controls. These controls ensure that the CPS sample estimates match independent controls of population with respect to the 50 States and the District of Columbia, and race-age-sex groups. In 1996 BLS revised the 1990-93 CPS figures to reflect the 1990 census controls.

*Metro/nonmetro*—After each decennial census the Office of Management and Budget (OMB) reevaluates the metro/nonmetro status of each county. In 1993 OMB issued a metro/nonmetro classification based on the 1990 census. In this last reclassification, 13 counties that were metro were reclassified as nonmetro, and 111 counties that were nonmetro were reclassified as metro, resulting in a net 98 counties newly metro. Overall, about 10 percent of the nonmetro population was reclassified as metro.

Also after each decennial census, BLS redesigns the CPS sample. The sample determines which households are selected for the CPS. The sample is updated in order to more efficiently represent the actual population. The new CPS sample was phased in starting in April 1994 and completed in July 1995. The process took 16 months due to the 4-8-4 rotation schedule. Each month the new in-rotation group was selected from the new sample.

The new OMB metro/nonmetro classification was phased in at the same time as the new CPS sample. Each month, the in-rotated households were chosen by the new sample and were recorded by the new metro/nonmetro classification. Consequently, the new classification took the 16 months that the CPS follows a household to be completely phased into the CPS, resulting in two metro/nonmetro classifications in use over April 1994-June 1995. Because of this phasing-in process of the new sample and the new metro/nonmetro classification, getting consistent CPS metro/nonmetro figures for 1994-95 is very difficult. ERS is working on this problem, and plans to publish metro/nonmetro CPS statistics for 1994-95 in the future.

For the CPS March Annual Demographic Supplement, however, the change in the metro/nonmetro classification was treated differently. The March 1994 Supplement occurred before the phase in of the new classification, so all households were recorded on the old classification. The March 1996 Supplement occurred after the phase in, so all households were recorded on the new classification. The March 1995 Supplement—data on 1994—occurred during the phase in, when a mix of the two classifications was in use. Census converted the public use data files of the March 1995 Supplement to the old classification, that is, the metro/nonmetro classification based on the 1980 census. However, summary reports on poverty and income were published by Census based both on the old and new classifications to provide consistent data series through the period of reclassification.

*Time-series characteristics*—The CPS data starting in January 1994 are not directly comparable with the previous data. This is due to the redesigned survey, including a new questionnaire, new labor force definitions, and new data collection techniques. It is thought that the measured national unemployment rate was not affected significantly by the redesign. However, some other indicators of the labor market show a measured change due to either definitional changes or new wording of the questionnaire. For example, under the new CPS a larger share of the unemployed have longer spells of unemployment than under the old CPS. This is thought to be due to dependent interviewing, resulting in more accurate responses, and to a reworded question allowing the respondent to report joblessness in weeks, months, or years.

Also in 1994, a new sample and the new definition of metro/nonmetro was introduced. The group of counties classified as nonmetro after the 1994-95 phase-in is different from the group classified as nonmetro from 1985-93.

*ERS estimates versus BLS estimates*—ERS is now estimating the metro/nonmetro statistics from the CPS directly. In the past, Census would provide these statistics to ERS. There are slight differences in the ERS figures from those estimated by BLS. There are two reasons for these differences. First, the CPS data provided to ERS is “suppressed.” This means that the metro/nonmetro status of some households is not provided in order to ensure their confidentiality. For the 1996 data about 0.3 percent of the sample is suppressed. Second, ERS is not able to “composite” the data as is done by BLS. Compositing is a weighted average estimation technique that smooths the data month-to-month. An ERS estimate of an unemployment rate might then be 0.1-0.2 percentage

point different from a BLS estimate. The benefit of ERS directly estimating the CPS statistics is that more information by metro/nonmetro can be reported than had previously been provided by BLS.

The quarterly CPS data that ERS is now reporting is not seasonally adjusted. To do a seasonal adjustment, a longer series of consistent data than is currently available is needed.

Because BLS is not currently publishing metro/nonmetro statistics, the ERS statistics are now the only ones available. BLS plans to resume publishing the metro/nonmetro statistics in the future. *[Karen S. Hamrick, 202-219-0789 (after October 24, 202-694-5426), khamrick@econ.ag.gov]*